Market Trend and Production Challenge of Organic Tropical and Sub-Tropical Fruits

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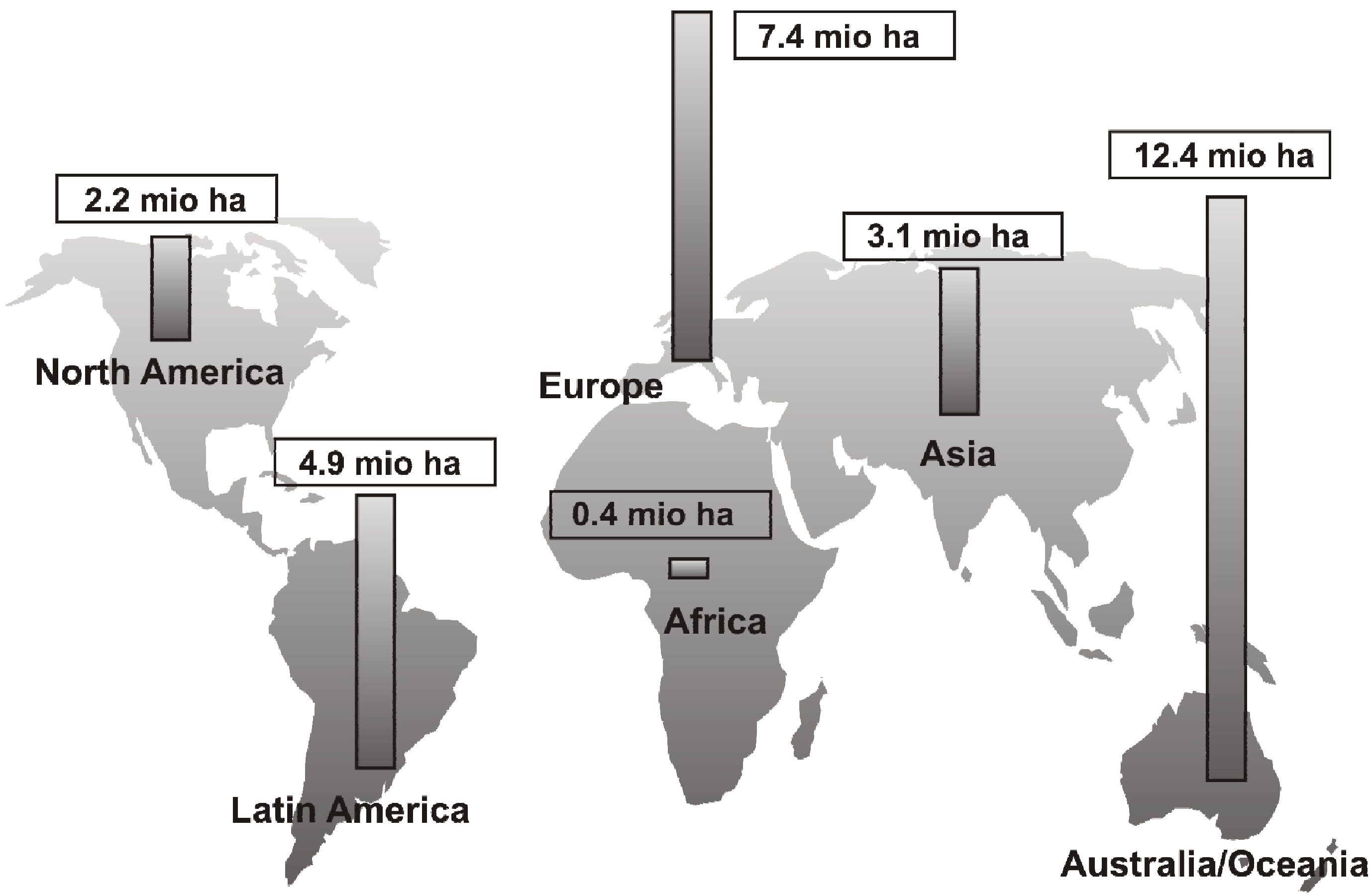
Global Organic 2006



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Global Organic Farms

- 30.4 million hectares of agricultural land are managed organically
- Slightly more or less are wild collection areas
- 12.3 million hectares are in Australia
- Continues to expand
- Large areas are grassland (livestock)

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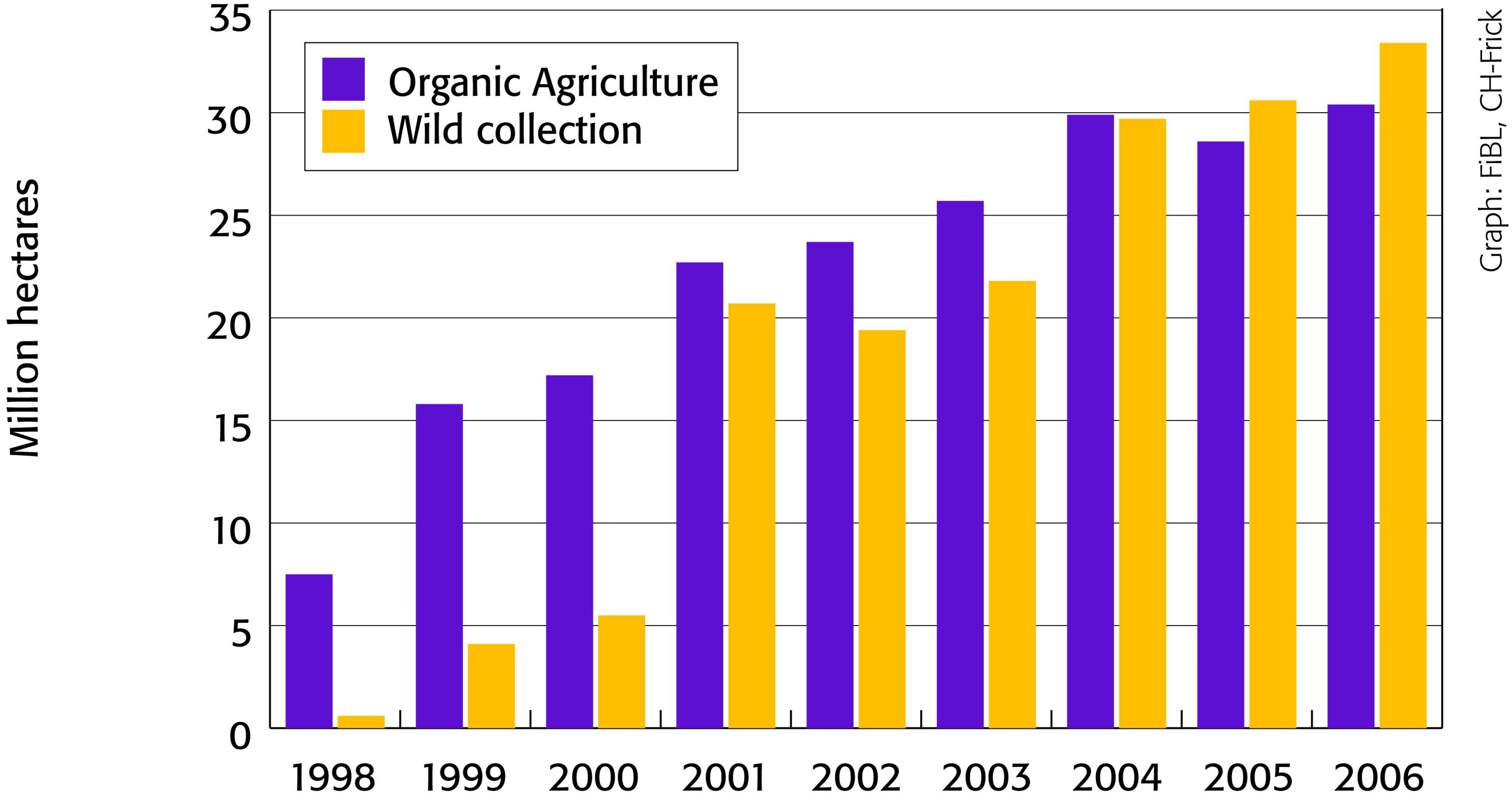
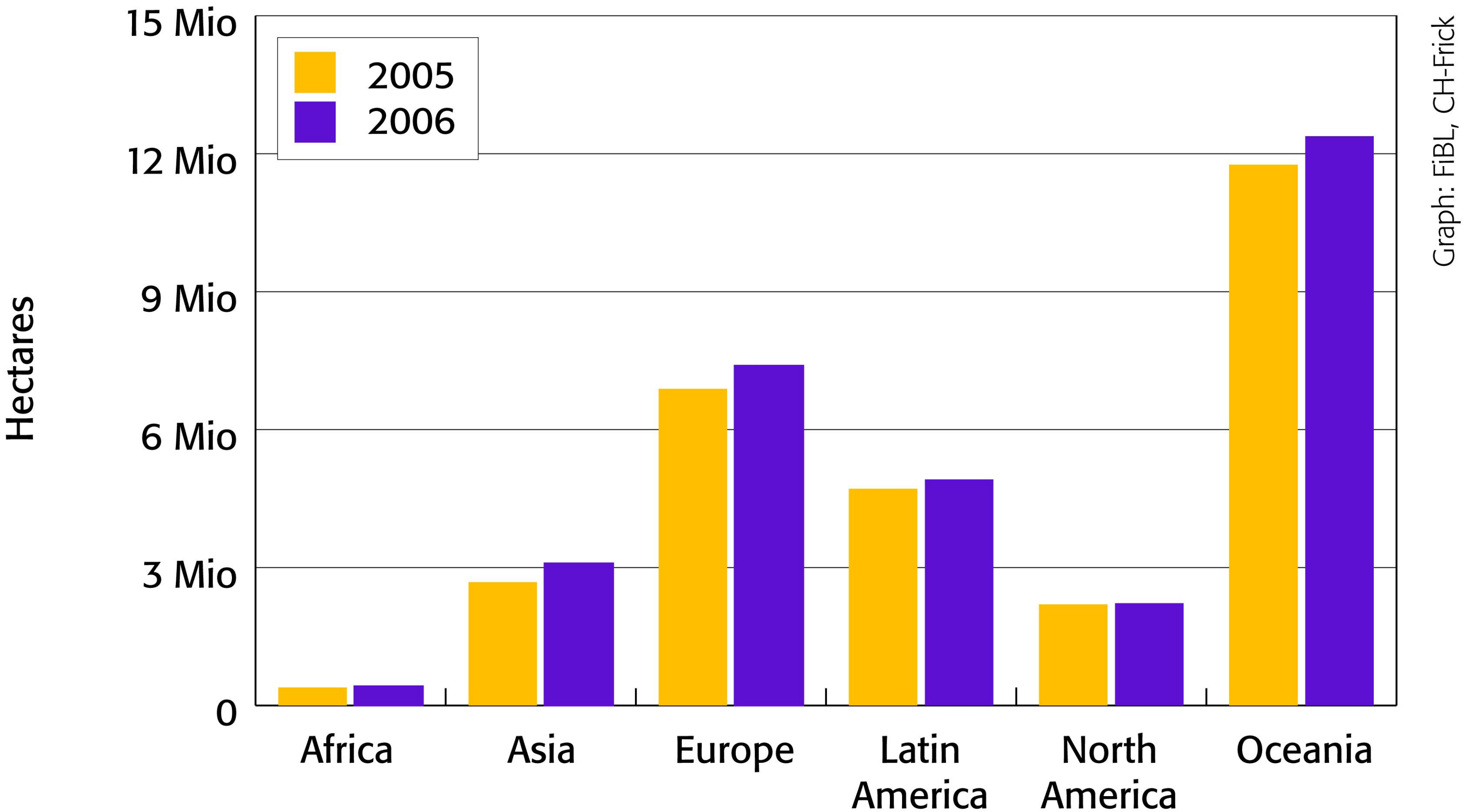
Growth of organic agricultural land and wild collection 1998-2006



Source: FiBL, SOEL & IFOAM Surveys 2000 - 2008. Data consolidation in progress.

Development of organic agriculture in the continents 2005 – 2006



Source: FiBL Survey 2008

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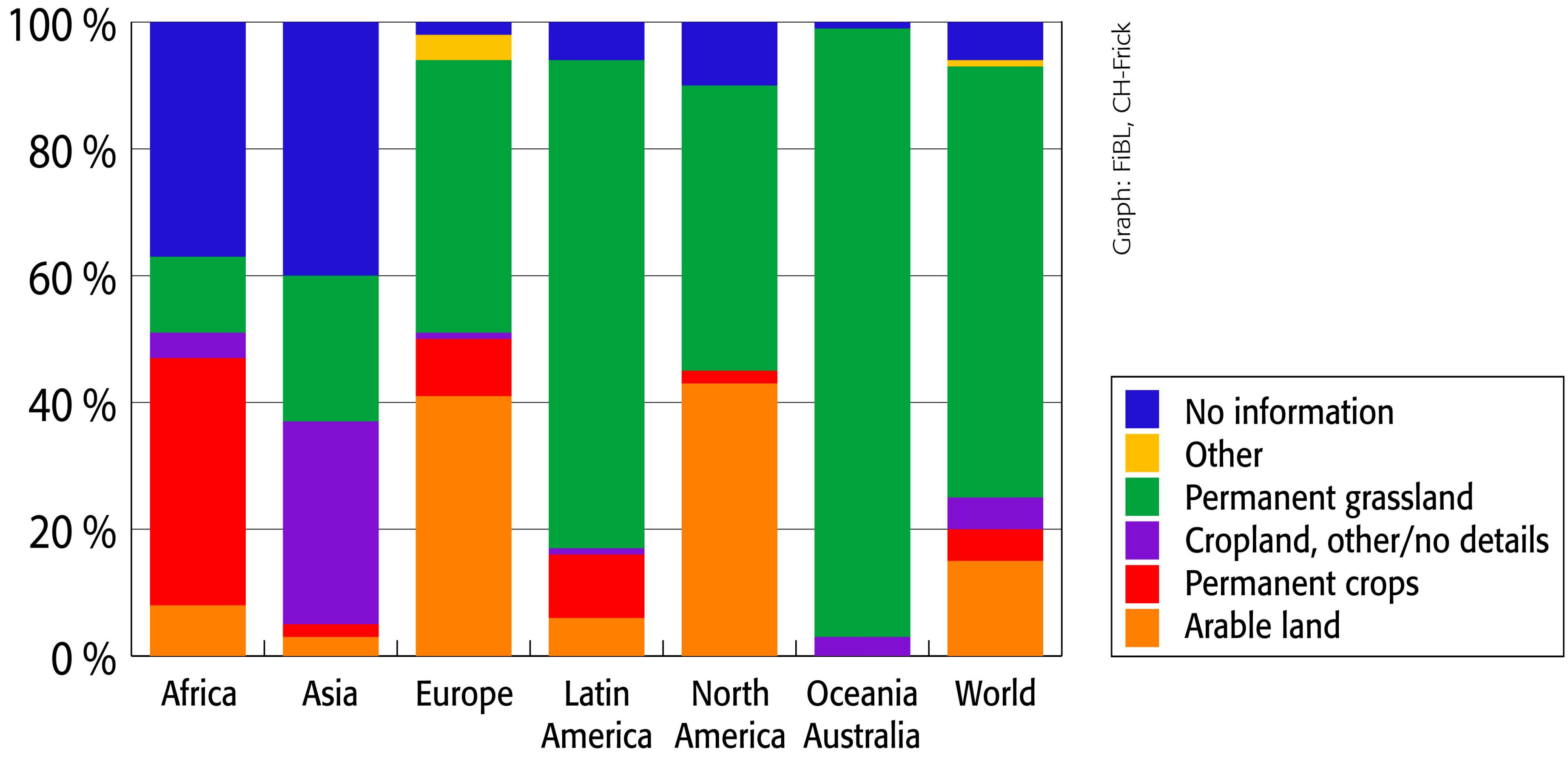
Land use in organic agriculture 2006 by continent



Source: FiBL Survey 2008

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Organic Production Trends

- Organic agriculture becomes mainstream
- Government and international institutions have policies to support organic farming
- Agro-chemicals are expensive and not available
- LDCs see as export opportunities
- Not enough supplies

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Global Organic Markets

- Global turnover with organic products 2006: almost 40 billion US Dollars
- EU and US accounted for 95% of markets, half each
- 69 countries have a regulation, 21 are drafting
- More than 468 organic certifyers

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Major Market Trends

- Food safety: pesticides, GMOs, antibiotic
- Key players enter organic markets
- Change of organic consumer bases
- Varieties of organic products, especially processed foods
- House brand, and supermarket organic seals
- Organic seals linked to regulations

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TST Fruits

- Well-known: banana, pineapple, kiwi
- Exotic fruits are less known, rambutan, mangosteen, durian, lychee, jack fruits
- Estimate EU market in 2004 of organic TST fruits 10,000 tons
- UK (330 m euro) 96% imported TST fruits and orange (banana 80,000 tons)
- German market expanded by 42% e.g. banana, apple, orange

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TST Fruit : pineapple

- EU markets need around 4,000 tons per year (5 container per week)
- High demand in May – June and Christmas
- Prepared to pay premium, but expect quality
- Currently, EU imports Smooth Cayenne pineapple from Africa

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TST Fruit : mango

- EU consumers just start to know about mango, but less than pineapple
- EU need around 5,000 tons of organic mangoes per year, and increasing
- EU consumers like yellow-red mango, no fibre, tasty, juicy, but they do not like to peel it themselves
- Ready to eat mango may have a wider market

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Processed Fruits

3 types

- dried or de-hydrated
- Fruit juice (concentrated, ready to drink) and puree
- Canned fruits

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dried or de-hydrated

- 2 market groups, final consumers or food manufacturers
- Mostly used as ingredients for breakfast cereals, snack bar, and dessert
- Food manufacturing is expanding fast, especially cereals and snack bar

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dried or de-hydrated

- Already in high demand for consumer markets, banana, mango, papaya, pineapple
- Some EU importers interested in candy tropical fruit, esp. pineapple and papaya (no organic available)
- Quite competitive because high premium
- Currently, imported from Mediterranean producers

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Fruit juice

- Popular juices are orange and apple
- Others are less known
- Opportunities exist for guava, mango, pineapple, and papaya
- major manufacturers are in Italy but consumer markets are in Germany, consuming around 40% of EU organic fruit juice

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Fruit juice

- Another growing markets are Italy, with public and school procurement programme
- Vegetable juices are possible, but smaller markets
- Mainly in Germany through health food shops

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Canned fruits

- Just started with canned pineapple
- Possible market channels:
  - food industries (two third of canned pineapple) uses canned pineapple pieces for sauces, pizza, bread
  - Consumer markets in UK, NL, GM with tin can or glass jar

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Challenges: Production

- Supplies are seasonal, no regularity
- Lack of support mechanism during conversion: extension, knowledge
- Processing needs economy of scale, difficult to start with small volume
- Need cold supply chain and good logistic infrastructure
- Air freight costs are high & increasing
- Import rules are complicated

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Challenges: Markets

- Anti-air freight attitudes among EU consumers
- Supermarkets have its own organic standards
- Local certifiers are recognized internationally but not supported by national authorities
- “Eating local” becomes an important trend

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More Information

- Helga Willer, Minou Yussefi-Menzler, Neil Sorensen (Eds.) (2008): **The World of Organic Agriculture. Statistics and Emerging Trends 2008**. IFOAM and FiBL; DE-Bonn and CH-Frick <www.ifoam.org and www.fibl.org/shop/index.php>
- a survey carried out mid 2006 by Birthe Thode Jacobsen, BIOService, Denmark, on behalf of the International Trade Centre (UNCTAD/WTO) as part of the project "Strengthening the Export Capacity of Thailand's Organic Agriculture" <www.intracen.org/dbms/Organics/index.asp>

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Organic Monitor

NEW REPORT:

European Market for Ethical Fruit & Vegetables: Organic & Fair Trade

Key Questions Answered

- What is the size of the organic and fair trade fresh produce market?
- What product categories & countries are showing the highest growth?
- What are the business opportunities? What product categories should be targeted?
- Who are the leading suppliers, importers and retailers in each country?

www.organicmonitor.com/100242brochure.htm

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Research Highlights

- Ethical fruit & vegetable sales increases over 20% a year and exceeded EUR 5 billion for the first time in 2007
- Rising ethical consumerism is driving demand for organic and fair trade products. Retailers are responding by expanding organic product ranges and making fair trade sourcing pledges.
- The market share of ethical products is approaching 10% of all fruit& vegetable sales in some European countries.

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Research Highlights

- Undersupply is dogging the organic food industry, with suppliers & retailers sourcing products from Africa, Asia, Australasia and the Americas because of the shortfall in European supply.
- Fair trade fruit & vegetables are reporting the highest growth, with sales expanding by 92% last year.
- Most FT growth is in the UK, a quarter of all bananas are now certified fair trade.

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Research Highlights

- The supply-side is becoming increasingly competitive as mergers & acquisitions and rationalisation take place.

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